

February 27, 2013

Dear Mr. President and Members of Congress:

Re: February 14, 2013 Hearing on Tax Reform and Charitable Contributions

On behalf of the undersigned organizations, we are writing to express our concern that charitable deductions may be at risk during the current budget discussions in Congress. We respectfully urge you to retain the income tax deduction for charitable gifts in its current form.

Capping deductions would harm many non-profit organizations and severely impact the ability of land trusts like New Jersey Conservation Foundation to preserve open space and farmland. If a cap of \$17,000, \$25,000 or even \$50,000 a year on all itemized deductions were to become reality, it would remove a major incentive for voluntary conservation of natural areas and farmland.

The average taxpayer who itemized in 2010 claimed \$22,233 in deductions for mortgage interest and state, local and property taxes alone. The proposed cap would leave little incentive for charitable giving of any kind - and certainly not for gifts on the scale of land or conservation easements. Land donations are typically worth hundreds of thousands to millions of dollars. A cap would also impact bargain sales of easements and land, probably cutting 20% from the purchasing power of public conservation funding.

We know people overwhelmingly give to charities because they believe in the cause. A cap on deductions would dampen, reduce or even remove the added, financial incentive for doing good, at a time when the protection of New Jersey's land and natural resources is more critical than ever to building resilient communities that are better able to handle the impacts of climate change.

We strongly oppose an aggregate cap, whether a dollar-limit or percentage, on the value of the charitable deduction as a potential short-term revenue solution. Giving back to our communities is one of America's greatest strengths, and the broad concept of charity on which the deduction is based has given rise to a diverse and pluralistic set of organizations all dedicated to the public good.

The power of the tax incentive can be seen in the timing of charitable gifts. Between 2003 and 2009, charitable organizations in the U.S. received \$281 million in online donations. Remarkably, more than 22 percent of those donations were made on December 30 and 31 each year, underscoring the extent to which tax implications guide donor behavior.

In this critical time we acknowledge and support the need to put our nation on a more sustainable fiscal path, but urge you to protect programs that help our environment and preserve the charitable deduction's powerful incentive for giving.

Thank you for your leadership and your consideration of these vital issues.

Sincerely,

Michele S. Byers, Executive Director, New Jersey Conservation Foundation

Patti Ruby, Executive Director, Hunterdon Land Trust

David Epstein, Executive Director, The Land Trust of New Jersey

Submitted by Amy Hansen, Policy Analyst, New Jersey Conservation Foundation on behalf of the above organizations.

Please contact Amy with any questions at:

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